

## Kentucky Teachers' Retirement System

### IMPORTANT INSURANCE NEWS

The Medicare Modernization Act was signed into law by President George W. Bush in December 2003. The final regulations regarding this Act have been issued, and the new Medicare Drug Program, "Medicare Part D", will go into effect January 1, 2006. This Act allows retirement plans, such as KTRS, to remain the payor of your drug claims. For the **majority of our retirees, you will continue with the KTRS Drug Plan** if you answer NO to the two simple questions written below. If you answer YES to either of these questions, *it may be in your best financial interest* to enroll in the new Medicare Part D Drug Program.

**1. Are you currently enrolled in Medicaid, in addition to Medicare Part A or Medicare Part B?**

**2. Will your household's 2005 income from all sources be less than \$14,355 (individual) or \$19,245 (couple)?**

**IF YOU ANSWERED NO TO BOTH QUESTIONS** (which most participants will), your out-of-pocket costs with the KTRS Drug Plan may be lower than your out-of-pocket costs with the Standard Medicare Part D Drug Program in most instances. **However, it is important to note that if you *choose* to enroll in the Medicare Part D Drug Program, you may not participate in the KTRS Drug Plan.** Your KTRS medical coverage currently administered by Aetna will remain intact. See chart on reverse for a comparison of your out-of-pocket costs.

If you do NOT enroll in Medicare Part D, KTRS will automatically reenroll you in the KTRS Medicare Eligible Health Plan for 2006, with medical claims currently administered by Aetna and drug claims currently administered by Medco. For 2005 and 2006, you will continue to present your Medicare card and your Aetna card at the doctor's office or hospital. When using a pharmacy, you will continue to present your KTRS Medco card.

**IF YOU ANSWERED YES TO QUESTION 1,** KTRS understands that it may be in your best financial interest to participate in the Medicare Part D Drug Program; further, KTRS understands that you will be automatically enrolled in this new program by Medicare. Your KTRS medical coverage currently administered by Aetna will remain intact. For 2005 and 2006, you will continue to present your Medicare card, your Aetna card, and your Medicaid card at the doctor's office or hospital. When using a pharmacy in 2005, you will continue to present your KTRS Medco card and your Medicaid card. When using a pharmacy in 2006, you will present your new proof of Medicare Part D participation.

**IF YOU ANSWERED YES TO QUESTION 2,** you have a choice to stay with the KTRS Drug Plan, or you may find it in your best financial interest to enroll in the Medicare Part D Drug Program Low-Income Subsidy. You may find that your annual out-of-pocket drug costs will be less through the new Medicare Drug Program as compared with the KTRS Drug Plan. Some members who are not eligible for Medicaid *may qualify* for the Medicare Part D Drug Program Low-Income Subsidy. See chart on reverse for a comparison of your out-of-pocket costs.

**You have a choice to make, but you cannot sign up for both the Medicare Part D Program and the KTRS Drug Plan.**

If you enroll in the Medicare Part D Drug Program, KTRS will not reenroll you in the KTRS Drug Plan for 2006. You may be eligible to return to the KTRS Drug Plan if you lose your Medicare Part D drug coverage under certain circumstances. Your KTRS medical coverage currently administered by Aetna will remain intact. For 2005 and 2006, please continue to present your Medicare card and your Aetna card at the doctor's office or hospital. When using a pharmacy in 2005, you will continue to present your KTRS Medco card. When using a pharmacy in 2006, you will present your new proof of Medicare Part D participation.

Please watch your mail for further communications from either the Social Security Administration (SSA) or the Centers for Medicare and Medicaid Services. The Medicare Part D annual open enrollment period will be November 15 – December 31, 2005. Retirees who participate in the Low-Income Subsidy Program may apply to either their local Social Security Administration office or to their local state Medicaid office (that administers eligibility for Medicaid). SSA will have several convenient ways to apply including over the phone and Internet enrollment.

The income, assets/resources guidelines, and eligibility provisions are based on interpretations of information provided by the Centers for Medicare and Medicaid Services (CMS) and are subject to change.

Please call KTRS at (800) 618-1687 if staff may be of assistance in helping you to determine the best course of action in light of your unique situation and the eligibility requirements of both the Medicare Part D Drug Program and the KTRS Drug Plan.

**If Necessary, Ask Your Caregiver, Power of Attorney, or a Family Member for Help with this Document.**

IMPORTANT INFORMATION! ♦ Medicare Part D ♦

KTRS Drug Plan (Retail)	Medicare Part D Standard Drug Plan	Medicare Part D Dual Eligible Drug Plan	Medicare Part D Low-Income Subsidy Drug Plan	Medicare Part D Low-Income Subsidy Drug Plan	Medicare Part D Low-Income Subsidy Drug Plan
	(NOT Eligible for Medicaid & NOT eligible for Low-Income Subsidy)	Medicare <b>AND</b> full Medicaid coverage	2005 household income <i>is less than</i> \$12,919 (individual) or \$17,320 (couple), and assets/resources* <i>are less than</i> \$6,000 (individual) or \$9,000 (couple)	2005 household income <i>is less than</i> \$12,919 (individual) or \$17,320 (couple), and assets/resources* <i>are between</i> \$6,000 and \$10,000 (individual) or \$9,000 and \$20,000 (couple)	2005 household income <i>is between</i> \$12,919 and \$14,355 (individual) or \$17,320 and \$19,245 (couple), and assets/resources* <i>are less than</i> \$10,000 (individual) or \$20,000 (couple)
Sliding Scale Premium (including medical coverage)	\$35 premium (\$420/yr) (approximate)	No premium	No premium	No premium	Sliding Scale Premium (\$0 - \$35 approximate)
\$150 deductible	\$250 deductible	No deductible	No deductible	\$50 deductible	\$50 deductible
	\$250-\$2,250 = 25% coinsurance (you pay)				
No coverage gap	Coverage Gap – \$2,250-\$5,100 = 100% coinsurance (you pay)	No coverage gap	No coverage gap	No coverage gap	No coverage gap
20% co-insurance generic & formulary brand 35% non-formulary		\$1 copay for generic \$3 copay for brand name	\$2 copay for generic \$5 copay for brand name	15% coinsurance	15% coinsurance
		No copay if in nursing home			
	>\$5,100 Rx = 5% coinsurance	No copay over the catastrophic limit (\$3,600 out-of-pocket)	No copay over the catastrophic limit (\$3,600 out-of-pocket)	\$2 generic or \$5 brand-name copay over the catastrophic limit (\$3,600 out-of-pocket)	\$2 generic or \$5 brand-name copay over the catastrophic limit (\$3,600 out-of-pocket)
<ul style="list-style-type: none"><li>*Assets that count include savings and investments. Assets that do NOT count include the home you live in, your car, a burial plot and/or a life insurance policy up to \$1,500.</li><li>Guideline numbers may differ if you live in Alaska or Hawaii.</li><li>The income, assets/resources guidelines, and eligibility provisions are based on interpretations of information provided by the Centers for Medicare and Medicaid Services (CMS) and are subject to change.</li></ul>					